

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00
INRE-00 CIAE-00 PM-04 H-01 INR-07 L-03 NSC-05
PA-01 PRS-01 SP-02 SS-15 OMB-01 AID-05 IGA-02
TRSE-00 ACDA-07 MC-02 /069 W
-----181728Z 065104 /44

O P 181531Z MAY 77
FM AMEMBASSY ATHENS
TO SECSTATE WASHDC IMMEDIATE 0675
SECDEF WASHDC IMMEDIATE
INFO JCS WASHDC IMMEDIATE
AMEMBASSY ANKARA PRIORITY
USMISSION NATO PRIORITY
USNMR SHAPE PRIORITY
USDELMC PRIORITY
USCINCEUR PRIORITY
USCINCUSNAVEUR PRIORITY
CINCUSAFE RAMSTEIN PRIORITY
USDOCOSOUTH NAPLES PRIORITY
DIRNSA PRIORITY

C O N F I D E N T I A L SECTION 1 OF 2 ATHENS 4663

E.O. 11652: GDS
TAGS: MARR, PFOR, GR, US
SUBJECT: US-GREEK DEFENSE COOPERATION DISCUSSIONS: PARITY
IN PROCUREMENT

REFS: (A) STATE 78011 (DTG 072002Z APR 77)
(B) ATHENS 4406 (DTG 111744Z MAY 77)
(C) STATE 109412 (DTG 132240Z MAY 77)

1. DURING A BRIEF CONCEPTUAL DISCUSSION OF THIS SUBJECT AT
MAY 17 WORKING GROUP MEETING, GREEKS PROFESSED TWO OBJECTIVES
IN THE PARITY IN PROCUREMENT ISSUE: POLITICAL AND DEFENSE.
POLITICALLY, THEY STILL SEE THE NEED FOR A DOCUMENT "SIMILAR"
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TO THE ONE THE U.S. EXECUTED WITH TURKEY (REF A, PARA 2).
ON THE MILITARY SIDE, THEY PERCEIVE THE POSSIBILITY OF STRENGTH-
ENING THEIR DEFENSE POSTURE THROUGH THE PROCUREMENT OF DEFENSE
ARTICLES AT MORE FAVORABLE PRICES.

2. IN REGARD TO DEFENSE ARTICLES FROM STOCKS (REF B, GREEK
TEXT, PARA 1)), THE U.S. SIDE INFORMED THE GREEKS THAT,

AS EVIDENCED BY OUR INITIAL PROPOSAL (REF A, PARA 4), THE U.S. IS PREPARED TO BE AS FORTHCOMING AS POSSIBLE. WE ADDED, HOWEVER, THAT THE U.S. CANNOT DECLARE DEFENSE ARTICLES TO BE SURPLUS WHEN THEY ARE ACTUALLY NOT AND CANNOT SELL ITEMS FROM STOCK WHEN SUCH SALES WOULD IMPACT ADVERSELY ON THE READINESS OF THE U.S. SERVICES CONCERNED. GREEKS APPEARED TO HAVE EXPECTED MORE THAN THE S-2E AIRCRAFT TO BE AVAILABLE AS SURPLUS, BUT LATER IN THE SAME DISCUSSION THEY OFFERED TO DROP "SURPLUS" FROM THEIR TEXT AND ASKED THAT THE U.S. RESTUDY THEIR LIST TO DETERMINE WHAT ITEMS COULD BE ADE AVAILABLE FROM STOCKS. WITH REGARD TO MATERIAL IN THE U.S. INVENTORY, OTHER THAN SURPLUS, THE GREEKS ALSO ADMITTED THAT, WHEN DELIVERY TIME WAS NOT A FACTOR, IT MADE LITTLE SENSE TO BUY "USED" ARTICLES FROM STOCKS IF AVAILABLE FROM NEW PROCUREMENT AT THE SAME PRICE.

3. GREEKS WERE SKEPTICAL OF OUR ASSERTION THAT WE COULD NOT SELL THE ROLAND II MISSILE SYSTEM TO GREECE (REF C, PARA 3), POINTING OUT THAT THEY WERE AWARE OF U.S. SALES OF THIS SYSTEM TO NORWAY. WHILE STATING THAT THEY WILL AWAIT CLARIFYING DETAILS ON THE U.S. POSITION, THEY DESCRIBED THE GREEK REQUIREMENT FOR THIS SYSTEM TO BE THE SINGLE MOST IMPORTANT POINT IN THEIR PARITY PROCUREMENT DRAFT.

4. TOUCHING BRIEFLY ON THE GREEEK REQUEST FOR WAIVER OF R AND D COSTS AND PLANT AND ASSET USE CHARGES RELATED TO THE 24 F/RF-4E PURCHASE (REF B, GREEK TEXT, PARA (3) (A) AND REF C, PARA 4), WE REMINDED THEM THAT ON AT LEAST FOUR OCCASIONS, THE MOST RECENT BEING A RESPONSE FROM SECRETARY CLIFFORD TO A LETTER FROM MOD AVEROFF, THE U.S. DECLINED TO WAIVE THESE COSTS

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AND CHARGES. BY IMPLICATION, WE QUESTIONED THE PROPRIETY OF THE GREEK ATTEMPT TO USE CURRENT DCA NEGOTIATIONS AS A MEANS TO FORCE A REVERSAL OF THIS U.S. DECISION.

5. WE DID NOT PURSUE THE QUESTION OF GREEK FMS PURCHASE OF 52 J-79 ENGINES (REF B, GREEK TEXT, PARA (3) (B) AND REF C, PARA 5). HOWEVER, THE GREEKS DID ACKNOWLEDGE THAT THEY WERE AWARE OF THE APRIL AGREEMENT AMONG CSAF, DIRECTOR DSAA, AND HAF SHIEF ECONOMOU BEFORE THEY INCLUDED THIS TOPIC IN THEIR NEW DRAFT PARTIY IN PROCUREMENT NOTE. (NO THE MORNING FOLLOWING THE MAY 17 MEETING, THE GREEKS INFORMED US BY TELEPHONE THAT, AT THE NEXT MEETING, THEY PLANNED TO WITHDRAW FORMALLY THE PRO-VISION PERTAINING TO THE J-79 ENGINES. WE TOOK THIS

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C O N F I D E N T I A L SECTION 2 OF 2 ATHENS 4663

OPPORTUNITY TO SUGGEST THAT IT WOULD BE APPROPRIATE AND MOST
HELPFUL IN THE RESOLUTION OF THE PARITY IN PROCUREMENT ISSUE
IF THEIR PROVISION ON WAIVER OF R AND D COSTS AND PLANT AND
ASSET USE CHARGES WERE WITHDRAWN AT THE SAME TIME (PARA 4
ABOVE).)

6. WE AND THE GREEKS BOTH UNDERSTAND THAT FURTHER STUDY AND
SUBSTANTIVE DISCUSSIONS WILL BE REQUIRED BEFORE THE PARITY IN
PROCUREMENT ISSUE IS RESOLVED. HOWEVER, GREEKS SPOKESMAN
MACHERITSAS SAID PRIVATELY, AT THE CLOSE OF THE MAY 17 MEETING,
THAT THE GREEKS DID NOT VIEW PARITY IN PROCUREMENT AS AN ISSUE
WHICH WOULD IMPEDE THE PROMPT CONCLUSION OF DCA NEGOTIATIONS.
IF HE IS CORRECT, WE PREDICT THAT THE GREEKS WILL BARGAIN FOR
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EVERY ITEM ON THE LIST BUT, IN THE END, TAKE THE BEST DEAL THEY
CAN GET.

7. IN PREPARATION FOR FOLLOW-ON DISCUSSIONS, USING
THE GREEK LIST IN REF B, WE RECOMMEND THAT ANSWERS BE

DEVELOPED FOR THE FOLLOWING QUESTIONS:

A. WHAT ITEMS CAN BE MADE AVAILABLE FROM SURPLUS NOW?

B. WHAT ITEMS CAN BE MADE AVAILABLE FROM SURPLUS IN THE FUTURE? WHEN?

C. WHAT ITEMS CAN BE MADE AVAILABLE FROM STOCKS NOW, BUT NOT AS SURPLUS?

D. WHAT ITEMS CAN BE MADE AVAILABLE FROM TOCKS IN THE FUTURE? WHEN?

E. ARE THERE ANY ITEMS AVAILABLE FROM STOCKS WHICH ARE OT ON THE GREEK LIST, BUT WHICH MIGHT BE ATTRACTIVE TO THEM?

F. FOR THOSE ITEMS IDENTIFIED IN A THROUGH E ABOVE, WHAT WOULD BE THE CUT-OFF DATES BEYOND WHICH THEY WOULD NO LONGER BER AVAILABLE?

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